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Ministry of Finance,
“Q” Block, Pakistan
Secretariat,
Islamabad
Tel. No. 051.9208523
Email:
so.qa1@finance.gov.pk
Website:
www.finance.gov.pk

Prepared by: Malik Imitaz Ahmad, Stenotypist, QA-I
Section

Message from Mr. Imadullah Bosal, Finance Secretary



I am pleased to see that Finance Division has been striving to enhance the level of Customer Satisfaction by improving its performance and systems at various levels of the Division.

Finance Division has accomplished a milestone by securing the recertification of ISO 9001:2015. It truly reflects the performance of our Division which meets the international benchmarks and fulfills the regulatory requirements meant for efficient service delivery. Delivering the highest standards of service is an integral part of our ethos and philosophy under the Quality Assurance Programme. More importantly, the certification of International Organization for Standardization (ISO) exhibits commitment of Finance Division to adhere to the globally accredited operational procedures.

I must also commend the dedication of ISO Secretariat and all officers/staff of Finance Division for their commitment to run ISO Certification Programme efficiently and effectively since 2006. At the same time urge them to continue their efforts to enhance their performance for optimal service delivery. I am confident that my colleagues will put in concerted efforts to comply with the ISO Management Standards through sustainable performance.



OVERVIEW / MAJOR ACHIEVEMENTS OF CORPORATE FINANCE WING

OVERVIEW:

Corporate Finance Wing of Finance Wing looks after the financial issues of Public Sector Entities (PSEs) working under the administrative control of different Ministries/Divisions. GoP support is provided to these PSEs in form of subsidy, loan and equity injection in order to strengthen their economic position and stabilize the prices of the products/services. In addition to this, cash credit limits are allowed to these entities to finance their required procurement especially to the commodity sector entities.

MAJOR ACTIVITIES / ACHIEVEMENTS:

POWER SECTOR:-

Energy supply is life line of the country's economy. To overcome electricity related issues, the government working on multi-prolonged strategy including development of power Projects based on indigenous resources both in public and private sector and strengthening distribution network. To overcome liquidity issues, Finance Division has been providing financial support to power sector proactively during the period July- December 2022. In this regard following measures/actions have been taken:-

- *Power Subsidy of Rs. 138 billion has been disbursed under Power Division's demand with the prior concurrence of Finance Division.*
- *GoP Guarantee of 3rd drawdown of Rs. 10.588 billion in favour of WAPDA on 05th October 2022 for Dasu Hydro Power Project (Stage-I).*
- *Approval of Term Sheet and Letter of Comfort for Financing facility of Rs. 10 billion for M/s Jamshoro Power Company Limited (JPCL) regarding 2x660 MWCcoal Fired Power Project Jamshoro and further Term sheet in respect of rescheduling of PHL's debt of Rs. 283.287 billion*

OIL AND GAS SECTOR:

- *Allocation Rs. 40 billion for subsidy LNG & Oil sector for industry (incl. zero rated exp.) and Rs. 25 billion for subsidy to domestic consumers through SNGPL (RLNG) under the Petroleum Division.*
- *Finance Division issued GoP Guarantee of Rs.50 billion indemnifying to hold the Syndicate Banks harmless from loss in the event of default by PSO.*
- *Finance Division issued Sovereign Guarantee of Rs. 21 billion in favour of SSGCL and a Sovereign Guarantee of Rs. 65 billion in favour of GHPL, Rekiq Diq project.*



OTHER SECTORS:

- i. *GoP Guarantees have been issued for PIACL of Rs. 12.0 billion and Rs.56.177 billion during the period.*
- ii. *Finance Division has also issued GoP Guarantee of US\$ 142.0 million in favour of National Bank of Pakistan (NBP) for PIACL.*
- iii. *Finance Division sanctioned PIA mark-up from June 2022 to November 2022 amounting to Rs. 14.69 billion.*
- iv. *PSDP funds of Rs.14,687 million were released to National Highway Authority as Cash Development Loans (CDL) for their development projects.*
- v. *Federal Government has also provided loan of Rs.1,060 million to Pakistan Steel Mills in pursuance of ECC of the Cabinet decisions.*
- vi. *Rs. 18 billion has been released to Pakistan Railways as grant under Pakistan Railway’s demand with the concurrence of Finance Division.*
- vii. *Finance Division has also endorsed release of Rs.6.7 billion for Urea Supply and Production and Rs.8.8 billion to Utility Stores Corporation for PM Package.*
- viii. *Credit Ceilings of Rs. 23,973 million was allowed to Pakistan National Shipping Corporation enabling them in acquiring of commercial loans from banks for purchase of new oil vessels.*
- ix. *In addition to the above, Cash Credit Limits (CCL) were allowed on quarterly basis as regular feature to the PASSCO, TCP and Food Departments of Government of Punjab and Sindh for procurement of Wheat, Sugar, Rice, Cotton, etc., to maintain reasonable stock of commodities as per requirement.*

PERFORMANCE OF ECONOMIC ADVISER’S WING

75 YEARS ECONOMIC JOURNEY OF PAKISTAN

Economic Adviser’s Wing has prepared and published 75 Years Economic Journey of Pakistan which covered the comprehensive set of data in a highly objective manner. The report was launched on the official website on 14th August, 2022.

PUBLICATION – STATISTICAL SUPPLEMENT OF PAKISTAN ECONOMIC SURVEY

Economic Adviser’s Wing also publishes the Statistical Supplement of Pakistan Economic Survey that comprises data for the entire fiscal year (July-June) along with data series of several preceding years on various chapters published in the Economic Survey. Hence, it is a complete document that presents historical trend of all the major economic indicators. Data on each sector is compiled in close coordination with the concerned organizations like State Bank of Pakistan, Pakistan Bureau of Statistics, Federal Board of Revenue and various Ministries/Divisions/Agencies & attach Departments. Statistical Supplement of Pakistan Economic Survey 2021-22 was published on 10th December, 2022.



MONTHLY ECONOMIC UPDATE & OUTLOOK

Economic Adviser’s Wing has been regularly publishing Monthly Economic Update & Outlook since March 2020. The monthly reports are available on Ministry’s Website. *The document highlights the global economic situation & outlook and trend of all major economic indicators and their detailed analysis alongwith the economic outlook for coming months. Total 06 reports pertaining to Monthly Economic update & outlook have been published during July-December, 2022.*

DAILY INDICATORS

Economic Adviser’s Wing provides daily Economic Indicators to FM and Senior Management of Finance Division.

ESTABLISHMENT OF MACRO-FISCAL POLICY UNIT

The Macro-Fiscal Policy Unit was established in 2020 in EA Wing however it was operationalized in 2022 by hiring two directors i.e Director Fiscal and Director MTFP. The MFPU is strengthening the professional and analytical capacity of the Ministry of Finance by providing its estimates on the overarching and fiscal framework through state of the art Econometric Modelling. The unit is performing different function some are as under:

- *Conducting modelling & forecasting of key macro-economic variables*
- *Prepared Medium Term Macro- Fiscal Framework*
- *Established and maintained up-to-date database of major macroeconomic variable for policy analysis and forecasting*

OTHER TASKS

Economic Adviser’s Wing has provided inputs on all the relevant economic and financial matters to the other wings of Finance Division as and when asked. Economic Adviser’s Wing represented Ministry of Finance in meetings with International Monitoring Fund, World Bank, Asian Development Bank and other high level national committees like National Accounts Committee, Senate Standing Committee for Finance and Revenue, Annual Plan Coordination Committee, technical Committee for New Base Year, Data Producer council and Federal Committee on Agriculture etc.



ENGAGEMENTS OF EXTERNAL FINANCE WING (POLICY WING)

- *External Finance Policy (EFP) Wing has engaged with the World Bank on the following Development Policy Financing (DPF) programs:*
 - **RESILIENT INSTITUTIONS FOR SUSTAINABLE ECONOMY (RISE – II)**

Implementation of targets under World Bank’s policy reforms are being undertaken under RISE-II. RISE-II aims to support the Government of Pakistan for betterment of fiscal management and to promote competitiveness and economic growth.
 - **PROGRAM FOR AFFORDABLE AND CLEAN ENERGY (PACE-II)**

PACE has been designed to trim down circular debt flow by decreasing power generation costs, decarbonizing the energy mix, improving efficiency in distribution, and retargeting electricity subsidies. Power sector reforms are integral to resolving Pakistan’s fiscal challenges. Reforms under PACE-II are under implementation.
- **PARTICIPATION IN COP 27**

For the first time, Ministry of Finance participated in COP 27 held in Egypt in November 2022. Participation from FD ensured a fruitful and meaningful discussion on climate finance.
- **ENGAGEMENT WITH OTHER BILATERALS AND MULTILATERALS**
 - *Participation in JMCs & JECs held during the period of Jan 2022 to June 2022 on behalf of FD. Various MoUs pertaining to FD have been signed during this period.*
 - *Remained active in reviewing and conveying timely concurrence for various loan agreements to EAD.*
 - *EFP Wing has represented FD through participation in ECO Trade and Development Bank, Board of Directors meetings during the period of July 2022 to December 2022.*
 - *EFP Wing represents Finance Division at the SAARC Development Fund.*



**ACHIEVEMENTS OF SECURITY & EXCHANGE COMMISSION OF PAKISTAN
(INTERNAL FINANCE WING) (SME Bank Ltd)**

PUBLICATION OF FINANCE DIVISION’S QUALITY REVIEW NEWSLETTER

SME Bank Ltd, being a Government owned financial institution is extending financial & technical assistance to support & develop SME sector in Pakistan. It is a specialized bank working to support and develop SMEs that are considered as main employment generating sector. SME Bank has developed various lending schemes/products to facilitate and enable SMEs in various business sectors including trading, manufacturing, and surgical & cosmetics, cutlery items, fans, schools, clinics/ hospitals, construction, textile, cold storage, garments, electronics etc.

Bank’s performance for the period July- December, 2022 given hereunder:

	Rs. In Million
<i>Disbursement from July 01, 2022 to December 31, 2022</i>	147.63
<i>Loan Recovery from July 01, 2022 to December 31, 2022</i>	369.24
<i>Deposit as on 31-12-2022</i>	8472.49
<i>Loans outstanding as on 31-12-2022</i>	1397.67

SME Bank Ltd is in winding down process since the decision of federal cabinet dated March 17, 2023. Due to winding down process the deposit position and credit portfolio declined as deposit as on December 31, 2022 was Rs 8472.49 million and came down to Rs 2588.48 million as on June 30, 2023. Similarly credit portfolio as on December 31, 2022 was Rs 1397.67 and it came down to Rs 937.07 as on June 30, 2023.

HOUSE BUILDING FINANCE COMPANY LIMITED (HBFC)

As the only dedicated housing finance institution in Pakistan that has been offering housing finance facilities to Pakistanis since 1952, House Building Finance Company Limited (an autonomous body) has played a vital role in fulfilling the housing needs of the growing population.

The institution’s belief in integrity and focus on creating customer value has helped it build a strong reputation in the industry. Through understanding and embracing customers’ needs, it has, over the years, succeeded in building stronger and lasting relationships, defining the benchmarks for quality in the Pakistan’s House Financing sector.



The institution’s strategic objectives are based on the driving forces that are rapidly changing the way the industry operates. *Macroeconomic conditions such as interest rates, changing customer expectations, growing competition from commercial banks and rapid digitalization are some of the factors upon which the institution has formulated its strategic agenda.*

During 2022, the institution’s strategic agenda was based on the following:

- *Digitalization & Customer Experience*
- *Innovation*

DIGITALIZATION& CUSTOMER EXPERIENCE

As digitalization continues to transform Pakistan’s financial sector, the institution has formulated strategies for becoming more customer-driven and efficient. *HBFC works with an ambition to deliver the best customer experience on the basis of a strong value proposition. To this end, the institution is not only digitalizing its systems but is also implementing ways to deliver higher service levels. With a strong focus on training, the institution is working on ways to build and maintain a strong pipeline for enhanced customer service.*

Some of the initiatives that were taken to enhance customer experience in 2022 include:

1. *Introduction of SMS facility*
2. *Introduction of feedback calls*
3. *Strengthening of Complaint Management System*
4. *Introduction of digital payments*
5. *Simplification of loan approval process*
6. *Introduction of customer service excellence training program*





INNOVATION

During 2022, the institution continued to invest substantial resources in innovation and responding to new competitive forces. To achieve this objective, the institution ensured that it remains in a position to capitalize on latest technology trends.

BANKING ON QUALITY FROM ZARAI TARAQIATI BANK LIMITED (ZTBL)

Quality is not a function itself but an attribute of every function in the organization. Quality level can be assessed by comparing actual performance against expectations. Expectations when properly documented become standards. In service industry quality management is determinant of success. Although various models and tools are in practice like Total Quality Management, IS9001 and SERVQUAL and serve different purposes yet there is one common factor among all and that is Customer Focus. Service Quality runs around customers. The significance increases manifold in financial sector as asymmetry of power, information and resources exist between banks and their customers and service quality can lead to good or bad financial decisions which in turn affect livelihood and prosperity of public in general and financial performance of lending institutions in particular. OECD and World Bank both have issued principles for protection of financial consumers in 2011 and 2012. State Bank of Pakistan followed the suit in 2014 thus making service quality an essential task in regulated banks.

Banking Industry is essentially customer focused and ZTBL like other Banks has set up a dedicated department in this regard. Service Quality Department of the Bank is striving hard to create a service culture in the organization by ensuring a comfortable business place for customers, disclosure of all features of financial solutions to customers, transparent & fair dealing, training employees on service quality and holding them accountable during their performance evaluations, resolving customer complaints within given time frame and taking feedback from customers.

Zarai Taraqati Bank Ltd has nominated women champions in its branches to deliver high quality service to female customers. The Bank has equipped 10 branches with all possible facilities to serve Persons with Disabilities. There are 47 automatic teller machines all over the country to facilitate its customers while digital on boarding and online banking are in pipeline. Keeping in view specific needs of customers new lending products have been introduced to provide quality financial solutions to customers. A state of the art Call Centre is working 24/7 to solve problems and address grievances of customers, majority of the matters are resolved within specified time frame.

Since one important principle of quality management is continual improvement, the Bank is focused on upgrading its processes by adopting new technology and arranging revision of operating procedures, policies and manuals of the Bank. The



Bank gets processes, procedures and manuals validated by external consultants/chartered firms to ensure standardization and quality. In short Bank is making concentrated efforts in all functional, technical and behavioural areas to meet quality standards set by regulator and expected by customers simultaneously.

Service Quality Department ensures that complaint numbers are visible and customer feedback forms are available in branches and all transactions are completed within turnaround time specified. Employees' knowledge and skills to provide quality service are continuously tested through tele-mystery shopping. Self-assessment exercise of Bank's Conduct is being carried out annually in order to find grey areas and take measures to improve conduct with respect to customers. Ensuring quality in public organizations is challenging as well as laborious however ZTBL is fully committed to service excellence and envisages quality not as a goal to be achieved but as a way of doing things at the Bank.

PERFORMANCE OF PROVINCE FINANCE WING

MAIN ROLE

Provincial Finance (PF) Wing is responsible for fiscal coordination amongst the Federal and Provincial Governments and Special Areas. It primarily deals with fiscal transfers under National Finance Commission (NFC) Award and development grants approved by National Economic Council (NEC) to the Provinces as well as Current and Development Grants to Special Areas. Apart from this, PF Wing arranges periodical meetings with the Finance Secretaries of the Provincial Governments to discuss fiscal issues and matters of mutual interests.

NFC SECRETARIAT

2. *PF Wing provides Secretarial support to NFC, a Constitutional Body responsible to recommend revenue sharing arrangement between the Federation and Provinces. Moreover, Secretarial support is also provided to the National Tax Council (NTC) and Executive Committee of NTC constituted for the harmonization of GST across the country.*

3. *Important achievements of the PF Wing during July 2022 to December 2022 are as under:-*

- *Bi-annual Report on Implementation of the 7th NFC Award for the period July to December, 2021 has been approved by NFC Monitoring Committee.*
- *Report for the period January to June, 2022 has been forwarded for approval from Provincial Finance Ministers.*



- *Convened a number of meetings of the NTC and Executive Committee of NTC on GST harmonization, which is one of the Prior Actions of World Bank’s Resilient Institution for Sustainable Economy (RISE).*
 - *With consensus of Federal and Provincial Governments, the NTC granted collection of Sales Tax rights to Federal Board of Revenue (FBR) and Provincial Revenue Authorities (PRAs) as under:-*
 - i. *Restaurant business to PRAs*
 - ii. *Transportation of Petroleum Products to FBR*
 - iii. *Toll Manufacturing to FBR*
 - iv. *Construction Business to provinces with the stipulation that the provinces with the stipulation that the provinces will ensure, tax on goods used in the business will go to FBR.*
 - v. *Transmission of electric services has been declared as services and FBR has approved legislation for the same through Finance Act, 2023-24.*
 - *Moreover, due to efforts of the NTC, the provinces have agreed upon common grounds pertaining to place of Provision of Services and also notified the rules in respect of four major areas effective from 01-05-2023:-*
 - i. *Advertisement Services / Advertising Agents*
 - ii. *Insurance services.*
 - iii. *Franchisee Services.*
 - iv. *Transportation.*
4. *In addition to above, PF Wing transferred NFC funds to provinces as per 7th NFC Award during the report period, similarly current and development funds to Special Areas (AJ&K and GB) were also transferred timely as per budgetary allocations.*

BENEFITS OF ISO 9001 CERTIFICATION

Quality Management has been achieved in many organizations due to the emergence of quality standards; ISO 9001 series is one of them. There is no doubt that its creation among the positive impacts that have happened to the area of quality in most organizations including:

- Making easier to satisfy customer needs
- Better management control and reporting
- Requiring organizations to continuous improvement



PERFORMANCE OF QUALITY ASSURANCE SECTION (HRM WING)

WORK EFFICIENCY / PERFORMANCE BASED SURVEY

The 24th Bi-annual Work Efficiency Survey for the period of **July-December, 2022** was conducted to measure performance of all Wings against the following metrics of quality objective.

Average duration of days taken by SOs for submission of cases	2.52
Average duration of delays of files by SOs for submission of cases	7.07
Average days taken for final disposal of cases	5.07

Percentage of cases disposed off at each level as follow:-

Percentage of Cases Disposed off at Each Level				
So	DS	JS	AFS	FS
0.00	1.50	12.17	25.21	61.12

Comparison of work Efficiency / Performance Based Survey (July-December, 2022) with Previous ONE Survey

Activities	23rd Survey	24th Survey
	Jan-June, 2022	July- Dec, 2022
Average number of days taken by SOs/Equivalent for submission of cases	1.44	2.52
Average duration of delays of cases by SOs/equivalent	8.16	7.07
Average duration of disposal of cases	2.81	5.07
Percentage of cases disposed off at SO level	0.00	0.00
Percentage of cases disposed off at DS level	6.75	1.50
Percentage of cases disposed off at JS level	11.75	12.17
Percentage of cases disposed off at AFS level	19.75	25.21
Percentage of cases disposed off at FS level	61.75	61.12